GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:998
ANSWERED ON:23.11.2007
DEBT RECOVERY UNDER RDB ACT,1993
Vijay Krishna Shri

Will the Minister of FINANCE be pleased to state:

(a) whether Government has studied the Supreme Court's order that co-operative banks cannot take recourse to debt recovery under RDB Act, 1993;

(b) if so, whether Government would amend the Act to include co-operative banks within the provisions of the Act;

(c) if so, the time by which the amendments would be made;

(d) if not, the reasons therefor;

(e) whether Government proposes to bring a comprehensive bill to amend banking regulation act to remove dual control in co-operative banks; and

(f) if so, the time by which the bill would be introduced ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : Yes, Sir. In separate matters coming up before the High Courts of Mumbai and Andhra Pradesh it was held by them that a Tribunal constituted under the provisions of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 has exclusive jurisdiction, to entertain and decide applications from a Co-operative Bank for recovery of debts due to such a bank. Further, it was also held that courts and authorities under the State Co-operative Societies Act as also The Multi-state Cooperative Societies Act, 2002 would cease to have jurisdiction to entertain the applications submitted by the Cooperative Banks for recovery of their dues. Aggrieved by the above, a bunch of appeals/Special Leave Petitions were filed in the Supreme Court of India where the matter of applicability of Recovery of Debts due to Banks and Financial Institutions Act, 1993 to the Cooperative Banks established under the State Cooperative Societies Act of Maharashtra 2002 was referred by the Chief Justice of India to a three judge bench.

Reversing the judgement of the High Court, the Supreme Court held that the provisions of Debts due to Banks and Financial Institutions Act, 1993 are not applicable to the recovery of dues by the Co-operatives from their members. However, the provisions of the State Cooperative Societies Act and Multi-state Cooperative Societies Act, 2002 would continue to be applicable for recovery of dues by the Cooperative Banks. As these observations of the Supreme Court are in line with the request made by the petitioner Cooperative Banks in their appeal petitions, this order of the Supreme Court is not likely to place the Cooperative Banks in any disadvantageous position for purpose of recovery of their dues.

Cooperative Banks can also take recourse to provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recovery of their dues. There is no proposal to amend the RDB Act 1993.

(e) : No. Sir,

(f) : Does not arise.